

Eddie Blackburn  
National Grid House  
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Warwick Technology Park  
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9 August 2013

Dear Eddie

### **The Generic Entry and Exit Revenue Driver Methodology Statement**

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

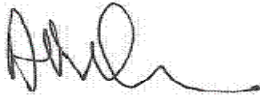
We welcome the opportunity to comment on the Generic Entry and Exit Revenue Driver Methodology Statement (GRDM). We note that in its consultation covering letter NGG NTS indicated that it proposed changes to align the GRDM references and terminology to the RIIO-T1 final proposals; we have identified some inconsistent Gas Transmission (GT) Licence references and we have also identified a number of formatting and editing issues which we believe should be clarified. Our detailed responses are set out in the attachment to this letter.

- We understood that the GRDM would be amended to reflect the RIIO T1 GT Licence changes only. Any changes required as a result of the implementation of UNC 452 and associated licence changes would then be consulted upon at a later stage along with all the other affected methodology statements. It appears some of the changes pre-empt principles yet to be finalised.
- We have noted that some aspects of the GRDM could act as barriers and affect a user's ability to apply for capacity under NGG NTS' current GT Licence arrangements.
- There is some inconsistency in the use of terms within the document. NGG NTS should include the capacity terminology section as per Incremental Entry Capacity Release (IECR) methodology statement paragraphs 10-12 (Effective from 2 January 2013) in order to provide industry with clarity over the terms NGG NTS are using. This should also assist it to ensure consistent use of terms across all its documents.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact Natasha Ranatunga on 020 3126 2312, or me.

I confirm that this letter may be published on National Grid's website.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mark Cox', with a long horizontal flourish extending to the right.

**Mark Cox**  
**Head of Transmission and Trading Arrangements**  
**Corporate Policy and Regulation**

## Attachment

### The Generic Entry and Exit Revenue Driver Methodology Statement

Ref	Issue	Affected paragraphs of track changed document version
1	<p>Terminology marked as defined terms have been used in the GRDM statement, these are undefined in either the GT Licence and/or UNC. Uncertain as to whether the terminology being used is from UNC or GT Licence.</p> <p>Also some Licence defined terms are not highlighted appropriately in the GRDM statement.</p>	P3, para 2 - both 'Funded Incremental' terms are not defined in the GT Licence.
		General Information: para 4 and throughout document - Revenue Driver - not defined in UNC or GT Licence.
		General Information: para 7 – 'Obligated Incremental Entry/ Exit' are not defined in the GT Licence.
		Chapter 1: para 17 & 19 'Funded Incremental Obligated Capacity' is not defined in the GT Licence.
		Chapter 1: para 20 & 21 'Incremental Obligated Capacity' (and other variations) are not defined in the GT Licence.
		Chapter 1: para 26 'Full Connection Application Offer' is not defined in the GT Licence or the UNC.
		Chapter 1: para 28 and throughout document - RIIO Unit Cost Library. Was this part of NGG's RIIO business plan and this concept was not actually adopted into the GT Licence – it is not a defined term.
		Chapter 1: para 34 – 'Obligated Capacity' is not defined in the GT Licence.
		Chapter 2: para 59/60 – 'Entry/Exit Capacity Revenue Driver Analysis' is not defined in the GT Licence.
		Chapter 2: para 59/60 – 'Entry/Exit Point' are not defined in the GT Licence – it is either NTS Entry Point or NTS Exit Point.

Ref	Issue	Affected paragraphs of track changed document version
		Chapter 2: para 72 and throughout document - SO constraint management target. This is not defined in the GT Licence.
		Chapter 2: para 80 - RIIO-T1 constraint target – This is not defined in the GT Licence.
		Appendix A - Safety Case. This is not defined in the GT Licence.
2	What constitutes 'insufficient data'? This should be clearly defined as to what NGG NTS deems insufficient data to be.	Chapter 1: para 25
3	The GRDM should only apply to the current incremental capacity release processes not the process currently discussed at industry level. Only implementation of UNC 452 and relevant licence changes would change when the revenue driver process is currently undertaken. There should be no restrictions placed on the current arrangements via the GRDM.	Chapter 1: para 25-27 Chapter 2: para 63/65 - Users can apply in the March 2014 QSEC auction for up to 150% of current obligated entry capacity levels without requiring revenue driver recalculation.
4	NGG's entry and exit capacity notices should also set out if additional firm capacity is to be substituted into the relevant NTS Entry or NTS Exit Point (this will not have an associated revenue driver) – Sp Cond 5G.6(d) and 5F.6(d).	Chapter 1: para 45